# NEXPOINT

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# NEXPOINT

# **Market Minute**

August 21, 2023

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## **Important Last Week**

#### **Pullback Continues**

- Stocks in week 3 of their pullback
- Divergences pinpointed the top
- '1st line of defense' didn't hold (50-day's)
- Trying to hold in current area
- 4,200 and 12,250 'last lines of defense'
- Still in a seasonally weak period

## **Theme of Higher Rates**

- Crude oil holding recent 'break out'
- Rally in crude putting pressure on rates
- Higher rates pressure utilities and banks
- 'Theme' could derail an emerging bull



## **Big Picture**

## Commodities / US\$:

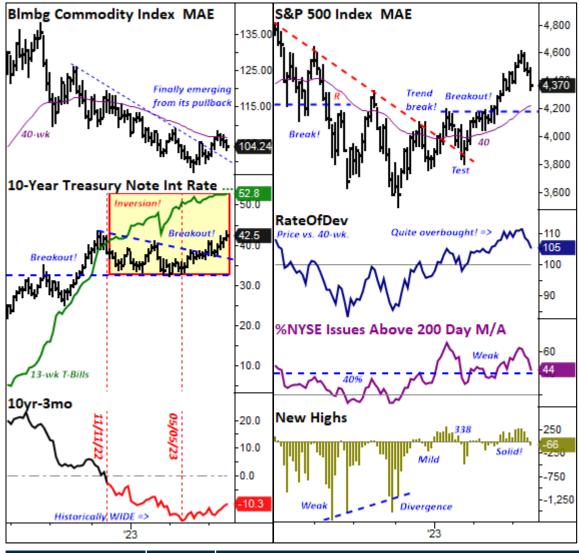
- Commodities up 2x since Mar'20
- · Oil breaking down trendline
- Crude & copper very GDP sensitive

### **Yields / Credit:**

- 10-yr. yield pushing Oct'22 highs
- Yield curve inversion largest since 1981
- Reliable forecaster of recessions
- Lead time is 12-mo. on avg (range: 5-22)

## Stocks:

- Saw a typical 'bear market'
- Look to have formed cyclical bottom
- Internals weaker than a typical bull
- Pulling back to test breakout



Trends	LT	Notes
Commodities	<b>A</b>	Have seen a meaningful pullback. Crude firming, which is a good canary of GDP
Bonds/Rates	▼/▲	Rates likely in secular uptrend; US 10-yr. now pressing Oct'22 highs at 4.33%
Stocks	<b>A</b>	Saw an 'average' bear, a typical bottom and now likely in a cyclical bull



#### **About Mike**

Mike Hurley, CMT serves as Chief Market Strategist and Portfolio Manager for NexPoint Advisors, L.P.

Prior to joining NexPoint he launched 2 of the first 100 'alternative mutual funds', including the Fusion Global Long/Short Fund (FGLSX) which posted a positive return in 2008 and won the Lipper Performance Achievement Award in the Long/Short category for the one-year period ending December 31, 2008 (ranked #1 of 90).

Mike also served as Chief Technical Strategist for several boutique research firms, including: SoundView Technology Group and E\*Offering (The Investment Bank of E\*TRADE).

He proudly served in the United States Navy, where he flew over 50 combat missions during Operation Desert Storm, earning two Air Medals.

Mike is a graduate of UC Santa Barbara, where he received BA degrees in both Business Economics and Chemistry. He is Series 7, 63 & 65 licensed and is a Chartered Market Technician (CMT).



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